GOVERNMENT OF INDIA
AGRO AND RURAL INDUSTRIES
LOK SABHA

UNSTARRED QUESTION NO:2355
ANSWERED ON:15.12.2004
PROMOTION OF AGRO PRODUCTS
Singh Shri Sitaram

Will the Minister of AGRO AND RURAL INDUSTRIES be pleased to state:

(a): the details of the efforts being made by the Government for the promotion and development of agro based products;

(b): whether lakhs of people are losing their jobs due to indifferent attitude of the Government towards the rural industries based on herbal and medicinal plants;

(c): if so, the details thereof;

(d): whether the Government proposes to provide special concession to the organizations/institutions registered under the rural industries; and

(e): if so, the details thereof?

Answer

MINISTER OF SMALL SCALE INDUSTRIES & AGRO AND RURAL INDUSTRIES (SHRI MAHABIR PRASAD)

(a)to(e): To promote village industries, including herbal& Medicinal plant-based industries, in the country, the Government has been implementing the Rural Employment Generation Programme (REGP) through the Khadi and Village Industries Commission (KVIC). Under this programme, an entrepreneur can establish a village industry by availing of margin money assistance from the KVIC and loans from any publics sector scheduled commercial bank, for projects with a maximum cost of Rs. 25 lakh. The margin money assistance is given as detailed in the table below:

Margin Money Assistance under REGP

Sl.No.	Category of Beneficiary	Project Cost	Margin money Assistance
1	General	Upto Rs. 10 lakh	25% of project cost
2	SC/ST/Women/Ex-Serviceman/NE Region/Hill Areas	Upto Rs. 10 lakh	30% of project cost
3	General	Rs. 10 lakh and Upto Rs. 25 lakh	Rs. 2.5 lakh + 10% of balance project cost
4	SC/ST/Women/Ex-Serviceman/NE Region/Hill Areas	Rs. 10 lakh and Upto Rs. 25 lakh	Rs. 3 lakh + 10% of balance project cost

Note: SC/ST = Scheduled Caste/Scheduled Tribe;
NE = North Eastern

Under the REGP, the number of forest based industries, including herbal and medicinal plant based industries, set up in the country and employment generated in this sector during the last three years are as under:

Year	Forest based industry, including herbal and medicinal plant based industry	
	No.of projects set up	Employment (No.of persons)
2001-02	1607	23528
2002-03	3666	53320
2003-04	2371	118235

The level of employment in these industreis has thus been incerasing steadily.

The Central Government provides assistance under the REGP for setting up new units. Existing units, which were set up with loan assistance from banks but have now become sick, are eligible for the rehabilitation assistance available to sick units in the small scale industries (SSI) sector, as per the guidelines of the Reserve Bank of India (RBI). Therese measures include, inter alia:

(i) Waiver of penal interest on cash credit and term loan from the years the units started making cash losses.

(ii) Unpaid interest on cash credit and term loan should be segregated from the total liability and the former amount treated as a separate interest-free loan.

(iii) Reduced rate of interest (reduction of upto 3 per cent for tiny units and of upto 2 per cent for SSI units) should be charged on unpaid term loans.

(iv) Additional working capital loan should be given at a rate of interest not exceeding the prime lending rate.